



2010

POPULAR ANNUAL FINANCIAL REPORT



King County
Finance and Business
Operations Division

KING COUNTY, WASHINGTON
December 31, 2010

ELECTED OFFICIALS

(at time of publication)

Office		Officials
Councilmember	District 1	Bob Ferguson
Council Chair	District 2	Larry Gossett
Councilmember	District 3	Kathy Lambert
Councilmember	District 4	Larry Phillips
Councilmember	District 5	Julia Patterson
Council Vice-Chair	District 6	Jane Hague
Councilmember	District 7	Pete von Reichbauer
Councilmember	District 8	Joe McDermott
Councilmember	District 9	Reagan Dunn
Executive		Dow Constantine
Prosecuting Attorney		Dan Satterberg
Assessor		Lloyd Hara
Elections		Sherril Huff
Sheriff		Sue Rahr
Presiding Judge - Superior Court		Richard McDermott
Chief Presiding Judge - District Court		Barbara Linde



King County

VISION STATEMENT

“King County: a diverse and dynamic community with a healthy economy and environment where people and businesses have the opportunity to thrive.”

MISSION STATEMENT

“King County government provides fiscally responsible, quality-driven local and regional services for healthy, safe, and vibrant communities.”

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Prepared By:

Financial Management Section,
Finance and Business Operations Division
Department of Executive Services
500 Fourth Avenue, Rm. 653
Seattle, WA 98104

Questions, comments and suggestions:

Dave Turley, CPA, MPA
Tel (206) 296-7318
dave.turley@kingcounty.gov

Manny Cristobal, CPA
Tel (206) 296-7362
manny.cristobal@kingcounty.gov

Hard copy requests:

Martha Diesner
Tel (206) 296-7308
martha.diesner@kingcounty.gov

Cover photo: *Ninth & Jefferson Building* – Located in the Harborview Medical Center (HMC) campus in Seattle, this is the latest County building to be constructed under the public-private partnership model. It currently houses the King County Medical Examiner, some of HMC's specialized units, and King County Superior Court offices.

A message from the

FINANCE AND BUSINESS OPERATIONS DIVISION

July 20, 2011

To the Citizens of King County:

It is our pleasure to present to you the 2010 King County Popular Annual Financial Report (PAFR). The PAFR is a highly summarized financial report designed for those who prefer a less detailed overview of the County's financial activities. Although the report is unaudited, much of the information is based on the recently issued 2010 Comprehensive Annual Financial Report (CAFR). Both the PAFR and CAFR are available online through the King County website at <http://www.kingcounty.gov/operations/Finance/FMServices/CAFR.aspx>.

King County's economy during 2010 followed the national script of a slow and guarded recovery from the recession of 2007-9. Unemployment has only slightly improved from the recent highs while residential and commercial property values have continued to correct. The weak economy cut further into the County's ability to grow its revenues. Sales and use taxes showed a slight decline from the previous year overall while property taxes grew more slowly than expected. The County forecasts a moderate increase in the sales and use tax base of about 4-5 percent per year in the next five years, but also projects slow increases in property assessed values through 2013 until the oversupply of housing and commercial buildings is eliminated. Tax revenues will also be affected by annexations such as the recent transfers of the Finn Hill, Juanita, and Kingsgate neighborhoods to Kirkland.

It has been a year since King County Executive Dow Constantine, with unanimous support from the Metropolitan King County Council, launched his five-year strategic plan for reforming county government in part as a response to adverse economic conditions. The plan's major strategies are now being assimilated into the County's departmental plans and activities in the near term, notably the 2011 budget and the County Council's priorities for 2012. Year one implementation has led to improvements in customer service, employee-initiated efficiencies in work processes, successful collaboration with regional partners for funding critical initiatives (such as the South Park bridge reconstruction and the Maury Island property acquisition), and teaming up with labor partners to ease budget shortfalls. The strategic plan is proving to be the road map envisioned to guide the County through the uncertain economy by proactively seeking and creating opportunities to reduce costs, increase productivity, and tap new funding sources.

We encourage readers to send questions, comments and suggestions about the PAFR so that we can improve on future issues. Contact information is given in page one of this report.

Thank you for your interest in King County.

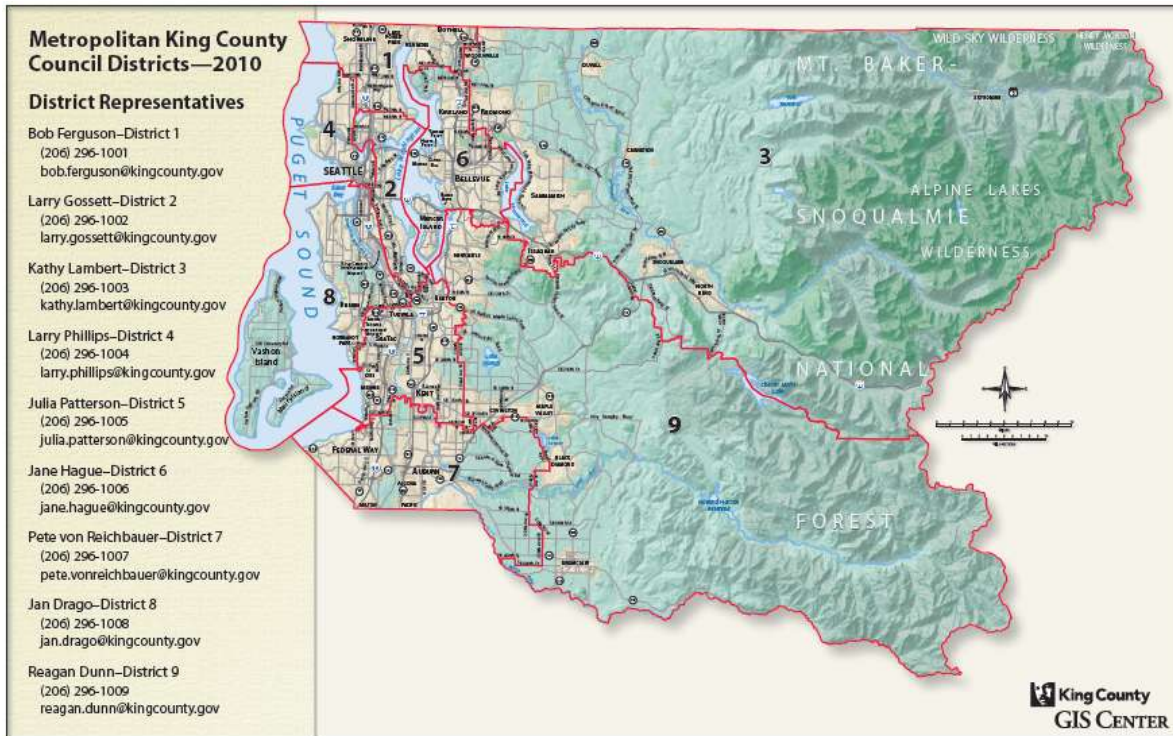


Ken Guy
Finance Director
Finance and Business Operations



Pete Anthony
Chief Accountant
Financial Management Services

KING COUNTY AT A GLANCE



Area	Sq. mi.		King County Population	2010	2009
Total land area	2,134		Total	1,933,400	1,909,300
Unincorporated	1,734		Births	24,914	25,277
Incorporated	400		Deaths	12,292	11,960

The King County incorporated area comprises 39 cities, the most populous of which are Seattle and Bellevue. King County is the largest metropolitan county in Washington in terms of population, number of cities, and employment. It ranks 11th in area among the State's 39 counties. It is the 14th most populous county in the United States.

Other Demographics	2010	2009
Population 65 yrs & up	201,552	198,679
Public School enrollment	263,512	253,779
Private School enrollment	39,429	40,569
Median Household income	\$66,398	\$62,810
Unemployment rate	8.8 %	8.5 %

Principal Employers by Major Industry				Principal Property Tax Payers	
Trade, transportation and utilities	18.3%	Information	7.0	The Boeing Company	
Professional and business services	15.7	Financial Activities	5.8	Microsoft Corporation	
Government	14.7	Construction	4.4	Puget Sound Energy/Gas/Electric	
Educational and health services	12.3			Qwest Corporation, Inc.	
Leisure and hospitality	9.5			AT&T Mobility LLC	
Manufacturing	8.7			T-Mobile	
County Financial Data					
Total 2010 Assessed Valuation (000)				\$ 330,414,999	
Total 2010 Property Tax Levy (000)				\$ 622,795	
General Fund 2011 Appropriation (000)				\$ 647,574	

ABOUT THE PAFR

The King County Popular Annual Financial Report (PAFR) is a supplementary financial report designed to meet the needs of those interested parties who prefer to read a less detailed overview of the County's financial activities during the year. While the principal source for the PAFR is the audited 2010 Comprehensive Annual Financial Report (CAFR), the PAFR does not include all the detail and disclosures necessary for presentation according to generally accepted accounting principles.

The King County PAFR focuses only on the primary government which is composed of the County's governmental funds (including the general fund); its business-type funds; and other organizations which are closely related through common governance or exclusive relationships, such as the King County Flood Control District, the King County Ferry District, and certain building management nonprofit corporations. Excluded are Harborview Medical Center, the Baseball Stadium Public Facilities District, and the Cultural Development Authority, which have more independent operations. These are reported as discretely presented component units in the CAFR, part of a broader financial reporting entity than what is shown in this PAFR.

In government-wide reporting, the County's activities are broadly classified into two basic types according to how they are funded: a) governmental activities which are for the most part tax-supported, public benefit programs; and b) business-type activities which are typically designed to recover costs through user charges. The basic reports presented for each of these activities and for the aggregate countywide level include a statement of net assets and a statement of activities. Through these reports, users can assess the County's overall financial condition and its operational accountability (e.g., were current year's revenues sufficient to fund current year services; and, did financial conditions improve or worsen after this year's results). Evaluations regarding fiscal accountability and stewardship, however, are better addressed by the fund-level financial reports presented in the 2010 CAFR.

Some basic governmental accounting terminology is defined below to aid in understanding this report.

Financial Terms and Concepts

Government-wide reporting provides an aggregate view of the County's financial activities by consolidating all of its governmental and business-type activities. Traditional governmental funds statements are converted to full accrual and aggregated with governmental long-term debt and capital assets.

Statement of Net Assets reports the County's assets and liabilities with the difference reported as "net assets." (Similar to a "balance sheet" or "statement of position.")

Statement of Activities reports on the County's total expenses and shows the extent of funding from program revenues and from general revenues.

Change in Net Assets represents the increase or decrease in net assets over the previous year.

Net assets (Assets - Liabilities) represent the County's equity interest in the assets it employs in providing services to its citizens. This notion of equity is a residual concept and does not necessarily imply resources available for current spending.

Assets are resources that the County controls and can use at the present time to provide services.

Current assets include cash or near cash items that can be used to liquidate liabilities due within a year.

Capital assets are tangible or intangible nonfinancial assets that have a useful life of more than one year and are used in providing services.

Liabilities are present obligations of the County or what it owes to creditors, vendors, other governments, etc.

Current liabilities are liabilities due within one year.

Invested in capital assets net of related debt is the portion of net assets that represents the County's equity interest in its capital assets (capital assets less the amount of debt used to acquire them).

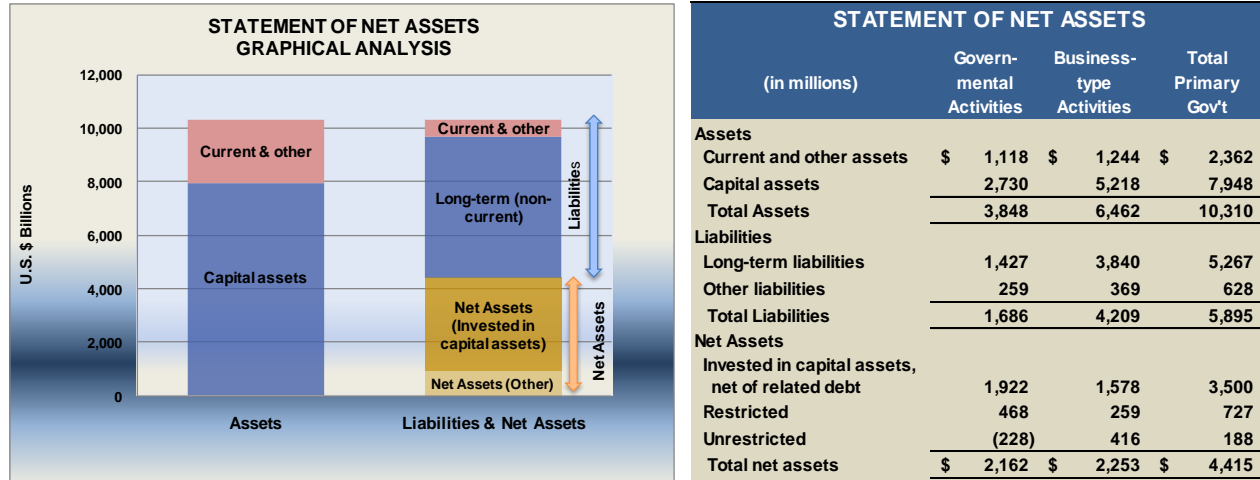
Restricted net assets is the portion of net assets subject to external restrictions (state legislations, bond covenants, etc.).

Unrestricted net assets is the portion of net assets not tied to capital assets or subject to legal restrictions, hence, can be programmed for services.

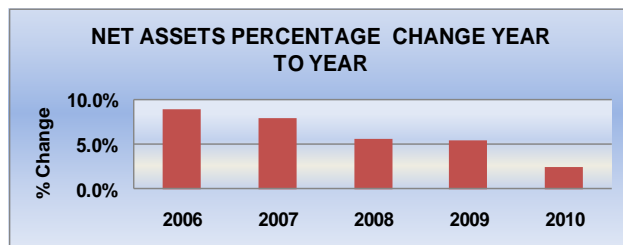
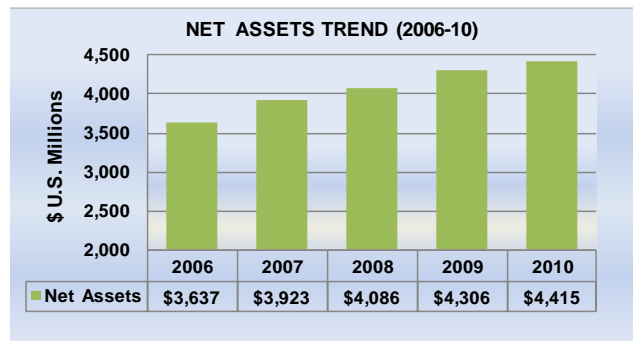
Fund balance is used only in governmental funds, such as in the general fund, to denote the difference between fund assets and fund liabilities.

FINANCIAL CONDITION

The County's government-wide assets, liabilities and net assets for the primary government as of December 31, 2010, are depicted below.



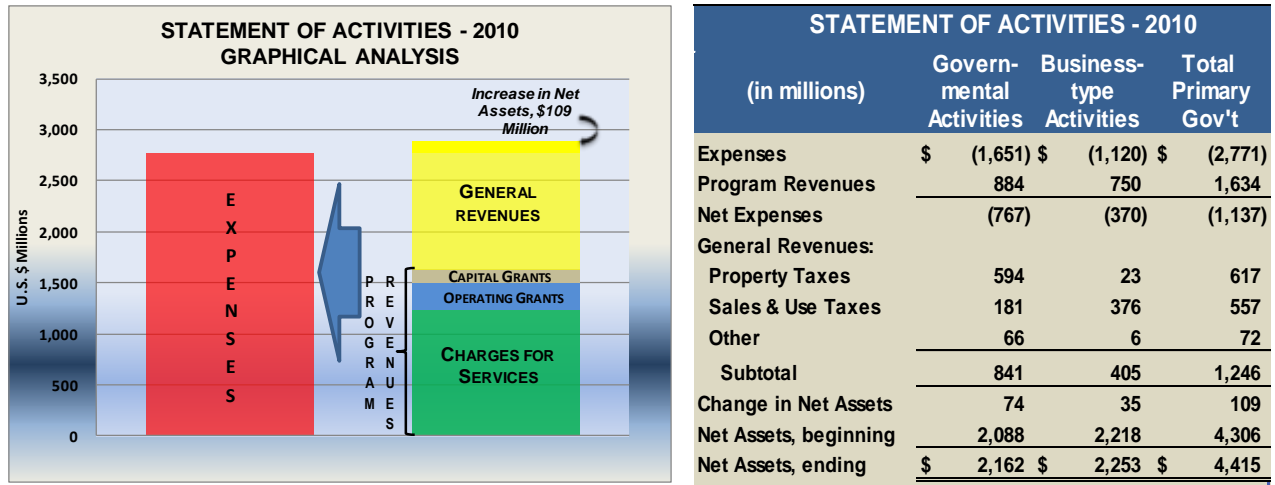
Net assets (Assets minus Liabilities) may serve over time as a gauge of a government's financial condition. The County's net assets amounted to \$4.4 billion at the end of 2010, a 2.5 percent increase over 2009. In both governmental and business-type activities, net assets invested in capital assets net of related debt makes up the biggest portion of net assets. This amount is associated with the County's equity in its capital assets. Because capital assets are acquired to provide service over several periods or indefinitely, this portion is not available for future spending. Although this portion of net assets is calculated net of related debt, the resources needed to pay down the debt must come from other more liquid resources. A smaller portion of net assets represents net assets that are legally restricted as to use by law or contract, such as bond proceeds for capital construction, resources reserved for debt service, or funds mandated for specific programs. The remaining portion of net assets is unrestricted net assets representing resources that are available for programming. In certain situations, however, the calculation of unrestricted net assets can sometimes result in a deficit, such as when debt is incurred to acquire assets for another government; or when capital assets are retired before full debt redemption. Over time the deficit gets reduced as liabilities are gradually liquidated.



Over the past six years net assets have increased on average by 5.8 percent per year, but growth rates have been trending downward, ending with the 2.5 percent increase in 2010.

OPERATING RESULTS

Overall financial results of the County's government-wide operations are depicted in the following chart which shows total 2010 expenses, the extent of program revenues generated, and the resultant residual coverage from general revenues (in millions).

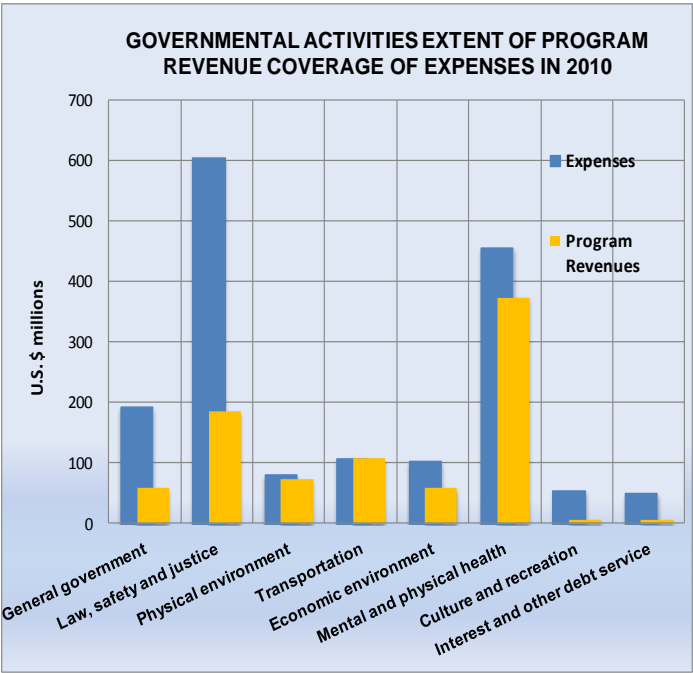


The increase in the County's total net assets in 2010 resulted from revenues exceeding related expenses and reflects the ability of the County to meet debt service requirements and other obligations as they come due. Approximately 43 percent of the County's total revenues came from general sources (mostly property taxes and retail sales and use taxes); and 57 percent were from program revenues such as charges for goods and services, operating and capital grants, and contributions (including state and federal assistance). Total tax revenue was almost unchanged in 2010 from 2009 after a 5 percent drop in 2009 from 2008. The County's expenses cover a wide range of services, the largest of which were for law, safety and justice and mental and physical health (under governmental activities); and public transportation and wastewater treatment (under business-type activities).

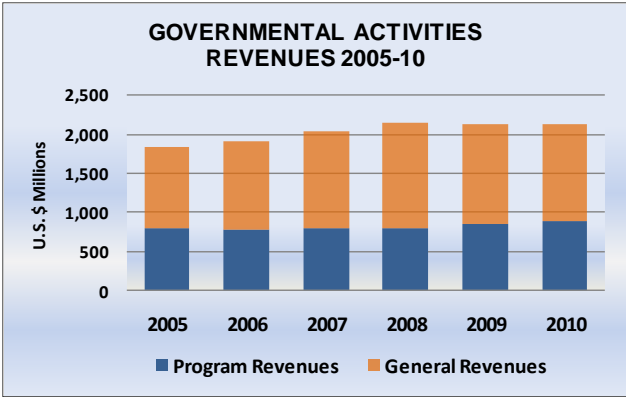
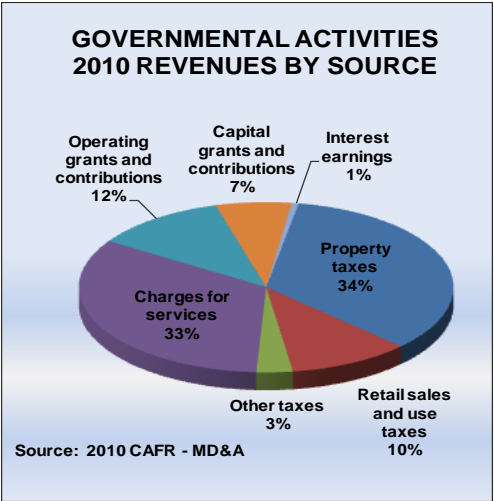
Governmental functions	Services related to:
General government	legislative and administrative functions of running the government (executive and council functions, elections, licensing, and others)
Law, safety and justice	protection of life and property through the justice system (police, courts, and emergency services)
Physical environment	preservation and enhancement of our natural habitat (flood control, land use conservation and habitat restoration)
Transportation	provision of vital infrastructure to foster physical mobility of population and goods (roads and bridges maintenance and preservation)
Economic environment	promotion of economic independence for individuals and the community (building permits, housing, community development, and business services)
Mental and physical health	maintenance of healthy citizens through education, prevention and treatment (public health clinics, mental health programs)
Culture and recreation	promotion of learning, leisure, and cultural activities (arts, historic preservation, and parks)

Governmental activities accounted for 68 percent of the total growth in net assets countywide. Program revenues for governmental activities totaled \$884 million, with \$573 million coming from users or customers who directly benefited from the programs and \$311 million from other governments and organizations that subsidized certain programs through operating and capital grants and contributions. The cost of all governmental activities was \$1.7 billion. The County paid the \$767 million remaining “public benefit” portion of governmental activities from \$593 million in property taxes, \$181 million in retail sales and use taxes, and \$64 million in other general revenues.

Costs went up 4 percent from 2009-10 compared to the 2008-9 increase of 2 percent. The bar chart shows the County’s governmental activities expenses by program classification with the extent of funding from program revenues. Portions of expenses that exceed program revenues are covered by general revenues. Law, safety and justice required the greatest usage of general government revenues. The primary revenue sources for mental and physical health are charges for services and operating grants and contributions, which paid for 82 percent of the activities for that function. Contributions of infrastructure (paved roads and rights-of-way) from private residential and commercial developers, valued at \$82 million, enabled transportation program revenues to exceed expenses by \$13 million. The net amount of these and other capital contributions comprised the increase in governmental activities net assets.

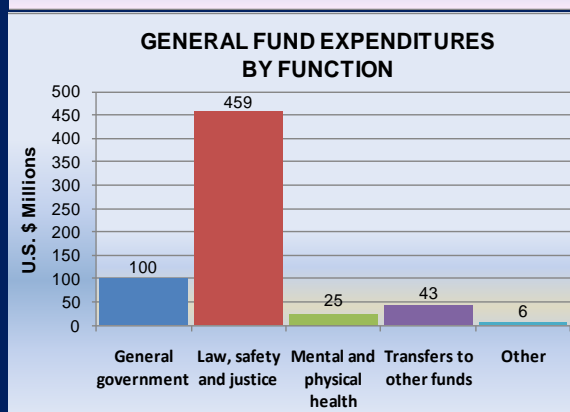
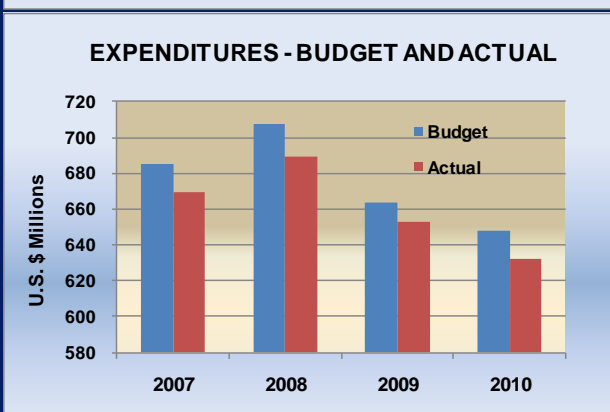
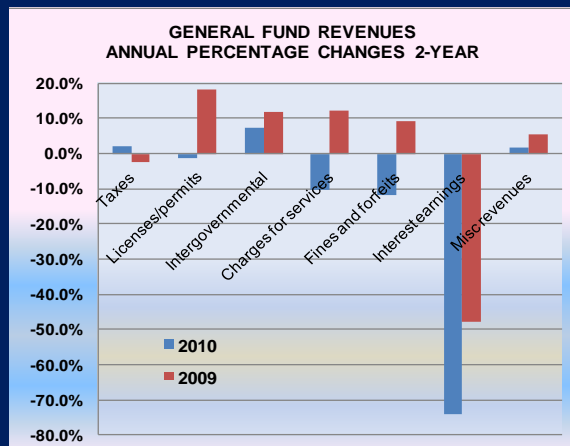
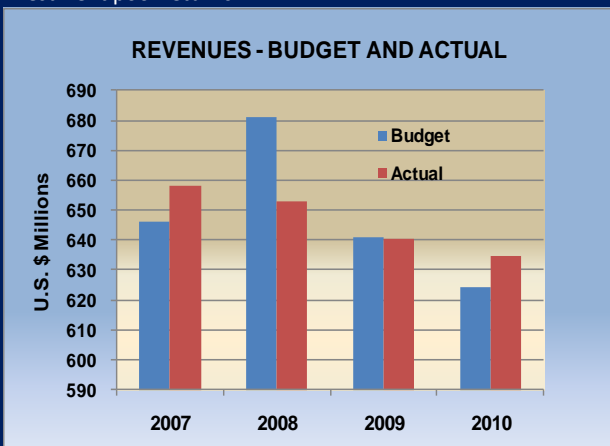


Revenue distribution by source is shown in the pie chart below. Charges for services provided 33 percent and property taxes 34 percent of total governmental activities revenues. The bar chart shows the six-year trend of governmental revenues. Program revenues grew by about 2 percent annually over the last five years while general revenues have declined by 4 percent annually over the past three years.



General Fund Highlights

The General Fund is the chief operating fund of the County. At the end of 2010, total fund balance in the General Fund was \$88.2 million. After deducting legal reserves and amounts voluntarily set aside for specific purposes, the remaining available amount to spend is \$71.6 million. The total fund balance in the General Fund represents 15.1 percent of fund expenditures, a slight improvement over the past two years' average of 13.7 percent, but well below the 2007 level of 24.7 percent. Total revenues of \$633 million decreased slightly from 2009. The marked decrease in interest earnings resulted from low investment pool returns.



General Fund - Budget to Actual

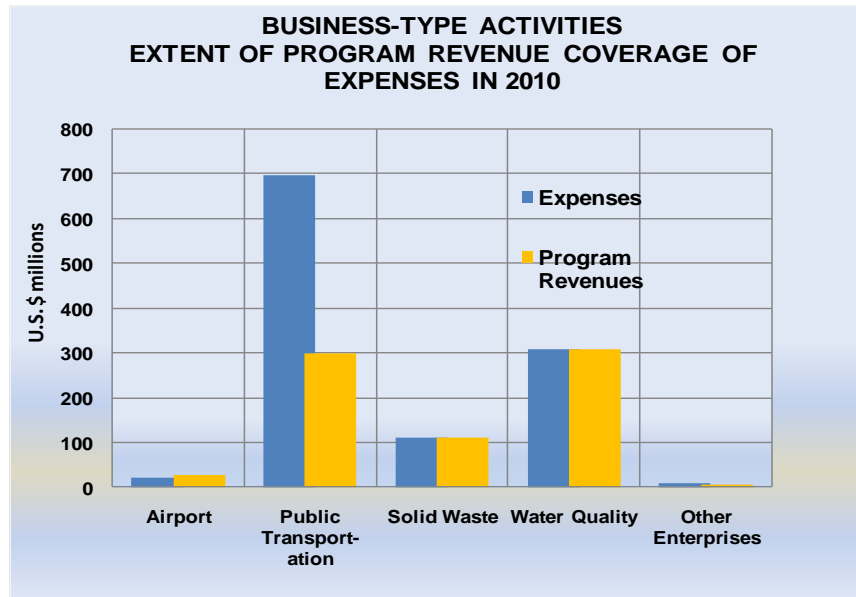
The 2010 General Fund budget-to-actual comparison is shown on the right. Actual expenditures were below the final budget by \$15 million (\$5.7 million in general government services; \$2.6 from law, safety, and justice; and \$5.6 million from planned contributions to other funds). During the year actual revenues were less than budgeted estimates by \$10.4 million with a net effect of increasing fund balance by \$5.8 million in 2010.

The General Fund will continue to be constrained by the "structural gap" in funding – property taxes are capped at various levels while the cost of providing services continues to escalate. Add to this the sluggish economic recovery and one can see the difficult decisions that the County will continue to face going forward to balance the budget while continuing to provide basic services.

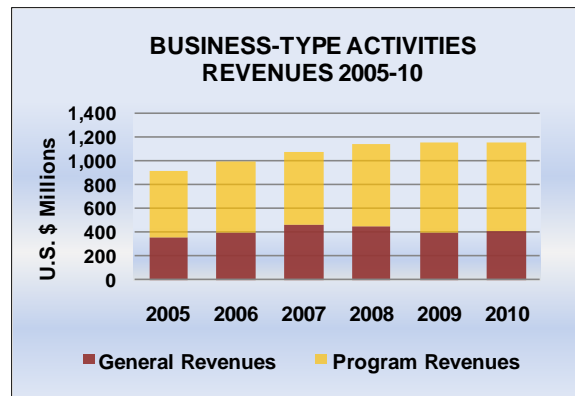
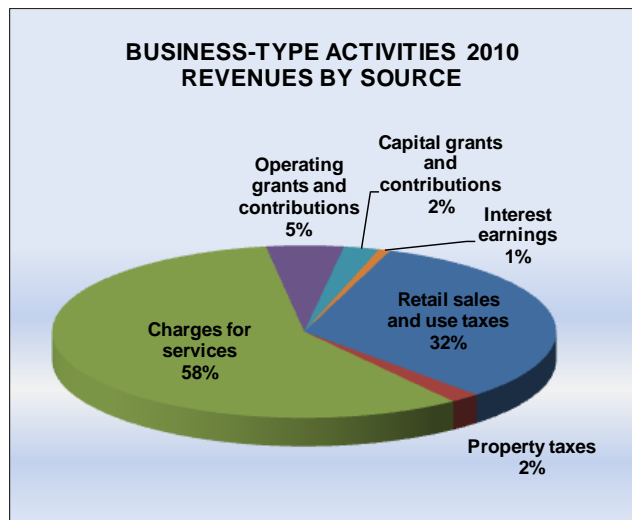
General Fund Budget to Actual (in millions)	
Final budget	\$ 647.6
Actual Expenditures	632.6
Variance	\$ 15.0
Estimated revenues	\$ 624.3
Actual revenue	634.7
Variance	\$ 10.4
Deficit (budgetary basis)	\$ 2.1
Adjust to GAAP	3.7
Net change in fund balance	\$ 5.8

Source: 2010 King County CAFR, Basic Statements

Business-type activities increased countywide net assets by \$35.2 million in 2010, accounting for 32 percent of the total growth in net assets. Total revenues for business-type activities were \$1.2 billion. The cost of all business-type activities for 2010 was \$1.1 billion. Of that amount 67 percent or \$750 million was funded from program revenues, including \$666 million in charges for services, \$58 million from other governments that subsidized certain programs with operating grants, and \$26 million in capital grants and contributions. The chart shows the County's business-type expenses and the extent of coverage from program revenues (user charges). Excess of net expenses are made up from general revenues. Public Transportation program operations are subsidized by retail sales and use taxes, which amounted to \$376 million in 2010, and property taxes (beginning in 2010) in the amount of \$22 million.



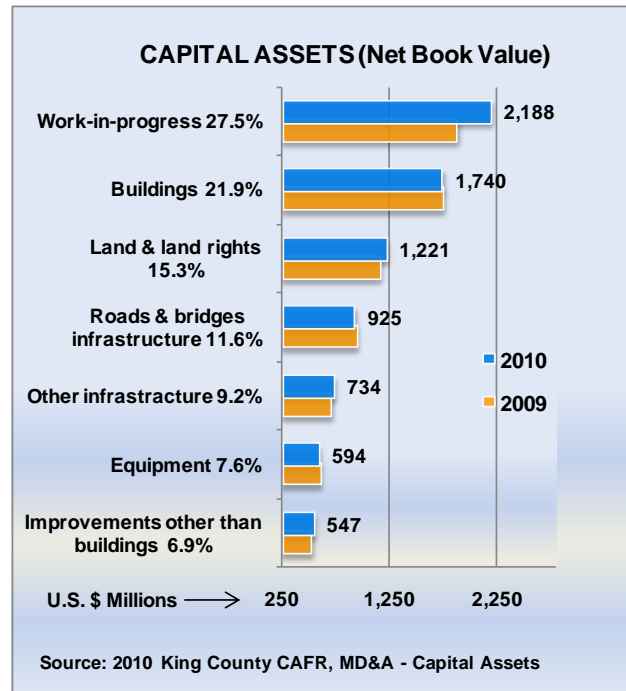
Revenue distribution by source for business-type activities is shown below. Direct charges for services accounted for 58 percent of revenues with retail sales and use taxes composing 32 percent. The bar chart that follows shows the nine-year trend in business-type revenues. Program revenues have increased noticeably over the past three years while the share of general revenues has decreased, reflecting the weak sales and use tax performance.



CAPITAL ASSETS

The County invests significantly in capital assets to increase the efficiency in delivering vital services and to promote a good quality of life for its citizens. The County's capital assets range from the industrial-scale plants built for wastewater treatment and waste disposal, to the public infrastructure networks of roads and bridges, and to the conservation-oriented acquisitions of open space land and land rights. The County's investment in capital assets at December 31, 2010, amounted to \$7.9 billion with about 66 percent accounted for by business-type activities. Business-type capital assets typically generate the revenues that allow County enterprises to recover their operating and capital costs. Governmental capital assets, on the other hand, are non-revenue generating and therefore are preserved or maintained using general revenues.

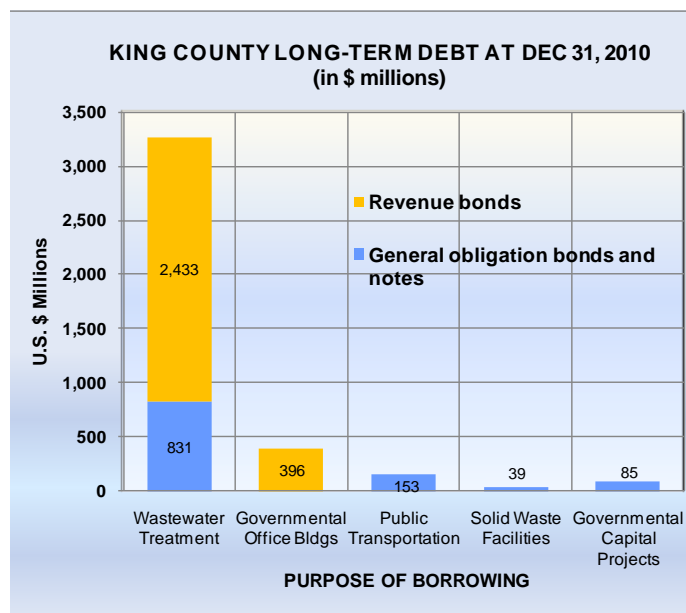
Significant capital assets activity during 2010 included the following:



- In the Brightwater Treatment System, tunneling activities continued on the conveyance systems while the treatment plant is nearing completion. The treatment plant is expected to be independently operational in 2011; the conveyance systems will be completed in 2012.
- The Transit Division deployed the first fleet of RapidRide buses in South King County, providing commuters with faster ride times and modern bus amenities. Other routes are planned for the next three years.
- In December 2010, the County acquired the sand and gravel pit property on Maury Island. The purchase was part of a shoreline initiatives program to restore the area's natural marine habitat and preserve the 250-acre expanse as public open space. The \$36 million acquisition was financed through the County's conservation futures, funding from the State, and a contribution from a nonprofit conservancy group.
- Development work continued in the Accountable Business Transformation (ABT) project to replace and integrate the County's financial systems. The "go-live" date for the new financial system is scheduled for January 1, 2012.
- Funding for the replacement of the 81-year old South Park Bridge in Seattle was secured in the fall of 2010 via a collaborative effort involving the County, State, Federal government, City of Seattle, and several local partners. The bridge is a critical infrastructure for the surrounding industrial and commercial district along the Duwamish River. Construction is scheduled for 2011-13.

LONG-TERM DEBT

At the end of 2010 the County had a total of \$4.2 billion in bonds and notes outstanding. This amount comprises \$1.6 billion of general obligation (GO) bonds and \$2.6 billion of revenue bonds. GO debt is backed by the full faith, credit, and taxing power of the government while revenue bonds are secured by specific revenue sources (e.g., sewer fees, lease payments, etc.). The County uses revenue bonds to finance the major portion of its wastewater treatment facilities. The Wastewater Enterprise is obligated under bond covenants to set rates that will cover at least 1.15 times the annual debt service requirements on all outstanding revenue and GO debt. The actual coverage rate for 2010 was calculated at 1.4. In 2010, the County refinanced older GO debt which will result in eventual savings of approximately \$33.5 million in debt service costs.

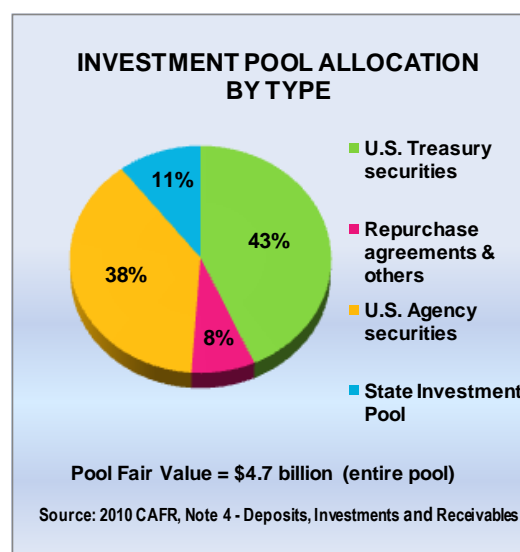


State statutes limit the amount of GO debt that the County can issue. As of 2010 the County's total GO debt is less than 14 percent of the legal debt margin as stipulated for debt used for county purposes and metropolitan functions. All of the County's debt issuances consistently receive exceptional ratings from the leading industry credit rating agencies. This signifies that debt has low default risk, allowing the County to borrow at favorable interest rates.

CASH MANAGEMENT

The County's bank deposits in Washington State are insured under the Federal Deposit Insurance Corporation (FDIC) up to the maximum standard insurance amount. Additional protection of government deposits is provided by the Public Deposit Protection Commission (PDPC) of the State of Washington (a multiple collateral pool) which has the power to: 1) require public depositories to put up collateral for up to 100 percent of their public deposits, and 2) assess all public depositories a maximum of 10 percent of its total public deposits in case of a bank failure.

For investment purposes and to manage liquidity, the County pools the cash balances of all County funds and other legally separate local agencies in an investment pool. The King County Investment Pool (the Pool) is one of the largest in the State of Washington with a fair value as of December 31, 2010, of \$4.7 billion. The Pool's investment

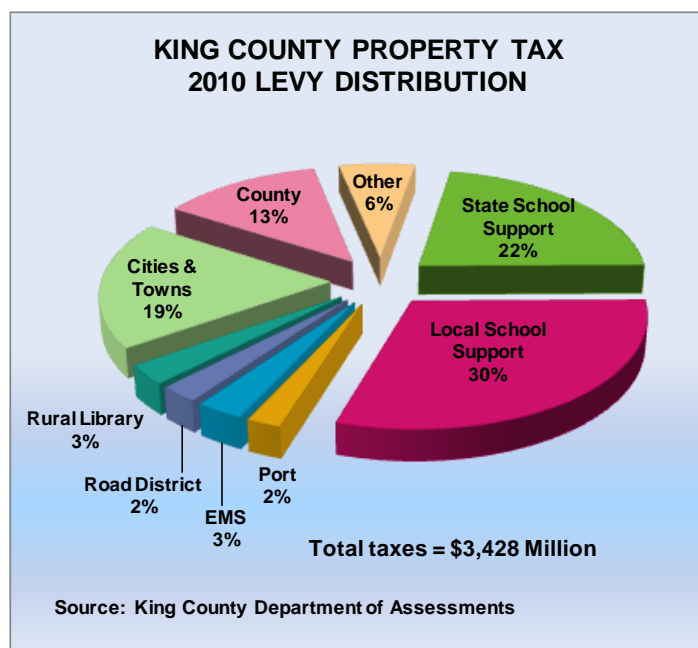


objectives, in order of priority, are safety, liquidity and yield. An investment policy guides decisions on sector allocations, credit quality, and maturity distributions. At year-end the Pool holds over 80 percent of investments in U.S. Treasury and Agency securities. The State Investment Pool is an independent pool which also has significant holdings in federal securities. The high weight in federal securities and a low average duration resulted in an annual yield of about one percent.

The Pool is managed by the Treasury Division and overseen by the Executive Finance Committee (EFC), which consists of the Chair of the County Council, the County Executive, the Chief Budget Officer, and the Director of the Finance and Business Operations Division, or their designees. The EFC sets policies and procedures for the effective management and control of the Pool's activities. The Pool is currently subject to quarterly reviews by an independent consultant with respect to policy compliance, sector and issuer allocation, credit quality, and maturity structure. At December 31, 2010, the review indicated that the Pool is highly liquid, with high credit quality and minimum credit exposure.

PROPERTY AND SALES TAXES

The County is authorized to levy both “regular” property taxes and “excess” property taxes. Regular property taxes are subject to limitations as to rates and amounts and are imposed for general municipal purposes, including the payment of debt service on limited tax general obligation bonds. The County may also impose “excess” property taxes that are not subject to limitation when authorized by majority popular vote.



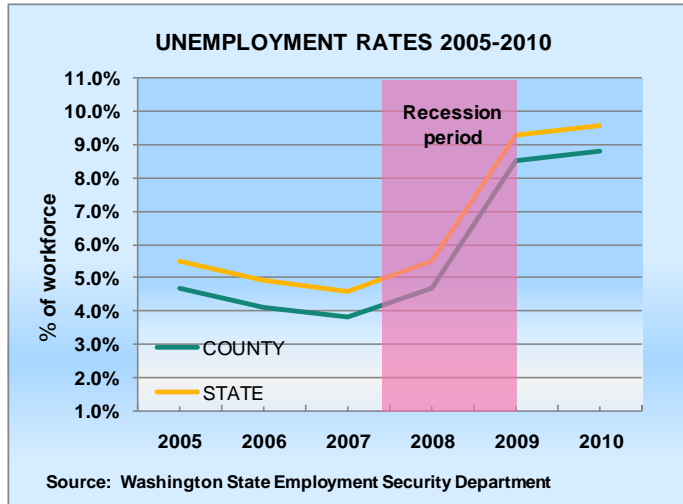
The County Assessor determines the value of all real and personal property throughout the County that is subject to *ad valorem* taxation, with the exception of certain public service properties for which values are determined by the State Department of Revenue. The Assessor's determinations are subject to revision by the County Board of Appeals and Equalization and, if appealed, subject to further revision by the State Board of Tax Appeals.

For tax purposes, the assessed value of property is 100 percent of its true and fair value. Since 1996, all property in the County has been subject to on-site appraisal and revaluation every six years, and is revalued each year based on annual market adjustments.

Another major source of revenue for the County is sales tax receipts. A sales tax rate of 9.5 percent is assessed in the County where 6.5 percent goes to the State, and the balance is allocated to the County, Cities and Towns, Regional Transit Authority, and other programs.

ECONOMIC CONDITIONS

The unemployment rate in King County at the end of 2010 was at 8 percent, slightly off the highs reached in 2009. The rate is lower than the State's and the national average, one reason being the presence of certain growth industries in the region, such as aerospace, software, and health care, which were not severely affected

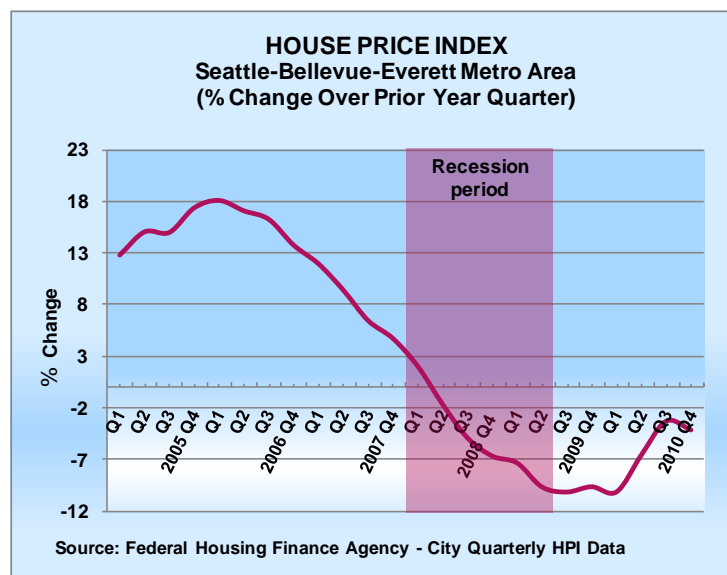


by the downturn. Unemployment is highest in the hardest-hit construction sector due to a glut in the supply of houses, condominiums, and commercial properties. Home valuations continued to decline during the year, although at a decreasing rate compared to a year ago. Home prices in the fourth quarter of 2010 were down by 4.5 percent over the prior year quarter, resulting in more foreclosures. Housing permits issued in the County in the last two years averaged 3 to 4 thousand per quarter, which is about a third of the pre-recession rate.

Economic conditions directly impact the County's revenues and the demand for its services. The County's main revenue sources are taxes, charges for services, and intergovernmental revenues. The largest single source (one-third) is taxes and consists primarily of property taxes and retail sales and use taxes. Retail sales taxes tend to be volatile as they fluctuate with the local and regional economy. Property taxes tend to be stable as increases are capped at 1 percent plus tax on new construction although greatly affected by sector events.

The assessed value of taxable property in 2010 for taxes due in 2011 fell by 4 percent countywide and by 13 percent in unincorporated areas. Countywide new construction sharply declined during the same period at 10 percent, with 11 percent in unincorporated areas. County taxable retail sales showed a leveling-off from the significant declines during the recession. Sales tax collections during 2010, approximately \$72.5 million in total for the County, were about the same as in 2009.

Economic recovery is expected to continue on a slow pace in the short to medium term. Encouraging signs however include a surge in retail sales in the fourth quarter of 2010, a decrease in stock market volatility, personal income growth, and an increase in corporate profits. Measured unemployment, however, is expected to improve only fleetingly as available jobs cannot keep pace with the growing work force with the return of discouraged workers, entry of new graduates, and migration of the jobless from more depressed areas. Quarterly jobs growth in the County is projected at 4 to 6 thousand



per quarter through the third quarter of 2011, and at 7.5 thousand per quarter through the fourth quarter of 2013. Home prices will continue to decline by another 5 percent before bottoming out sometime in late 2011. This may be followed by a “saw-tooth” pattern in the short term as sellers unload houses during brief market upswings, driving values back down again. General inflation is expected to remain at low levels over the next two years but is expected to gradually rise because of the excess liquidity brought on by the federal stimulus and quantitative easing policies.

It will take several years of sustained growth to make up the lost ground in employment, personal income, and taxable consumer spending. King County will continue to face numerous challenges, including volatile energy prices, rising employee and health care costs, and the need to raise sufficient revenues to support utility, transit systems, roads and bridges infrastructure and general government operations.

MAJOR INITIATIVES

King County Executive Dow Constantine outlined the overall approach to long-term financial stewardship in the context of the 2011 Budget in his “100 Day” speech on March 8, 2010, calling for the alignment of approaches and strategies with the adopted King County Strategic Plan.

Key strategies are outlined below:

Focusing on Long-Term Sustainability and Not One-Time Solutions – The challenges facing the County’s budget are long-term. Addressing the revenue structural issues and implementing conservative practices should be the focus of financial strategy.

Using the King County Strategic Plan to Help Support Decisions – In 2010, the County adopted its first Strategic Plan as a key tool in the Executive’s work to reform county government by focusing on customer service, partnerships, and ways to bring down the overall cost of government.

Committing to Finding Efficiencies in Each Annual Budget – The County’s cost of providing vital services is increasing faster than the rate of general inflation. To avoid reductions in services, improvements in productivity must be made each year. The King County Office of the Executive is coordinating this effort as the “Be the Difference” program, which provides a renewed emphasis on measuring and improving government performance.

Working Across Organizational Boundaries – The Executive is committed to working across organizational boundaries. To accomplish this, for the 2011 budget process the Executive formed a “General Fund Cabinet” with separately elected officials to share ideas and improve communications. This created opportunities for budget efficiencies through better coordination and by thinking in terms of interactive systems rather than isolated programs.

Working with Labor Partners – Most of the County’s employees are represented by labor unions. In 2011, the Executive asked unions and employees to partner in the effort to balance the County’s budget and to improve services. County employees participated in the development of programs to increase productivity and 90 percent of them agreed to forego their cost-of-living adjustments for 2011 to help preserve services and save jobs.

Giving Voters a Choice – Working to increase efficiencies will not be enough to create a balanced budget in the long-term. General Fund revenues typically will not keep up with inflation and population growth because property tax rates are capped by previous voter initiatives. The Executive has proposed reducing cost growth to inflation plus population growth, and then asking citizens to vote on whether to fund this proposal, to fund a higher level of service, or ask the County to maintain the service level supported by existing revenues.



King County